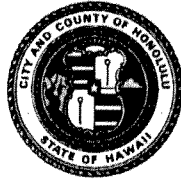


OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU
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MUFI HANNEMANN
MAYOR

January 15, 2008

The Honorable Rosalyn H. Baker, Chairwoman
and Members
Committee on Ways and Means
Senate
State Capitol
Honolulu, Hawaii 96813

The Honorable Marcus R. Oshiro, Chairman
and Members
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Baker and Oshiro and Members:

The City and County of Honolulu is seeking the Legislature's consideration of one measure regarding identify theft, and I will provide an update on three other matters involving the state government.

Encryption

The City's major proposal for 2008 is one that affects both the county and state governments. Acts 135, 136, and 137 were enacted by the Legislature last year and mandate that we protect personal information in our databanks. Act 135 requires businesses and government agencies that keep confidential personal information to notify them if that information has been compromised by an unauthorized disclosure. Act 136 will require those same entities to take reasonable precautions to protect against unauthorized access to personal information when disposing of records. And Act 137 will restrict businesses and government agencies from disclosing Social Security numbers to the general public.

These acts represent important steps in ensuring against identify theft; however, they also represent unfunded mandates. The City and County of Honolulu, in particular, administers a number of state programs that contain considerable amounts of personal information. These include drivers licensing, motor vehicle registration, voter registration, and juvenile justice information. The City operates these systems on behalf of our sister counties as well. The data is transported electronically and manually to various backup locations; it is not encrypted.

We are requesting \$1.25 million this year from the state to install the necessary hardware and software to encrypt and strengthen security for this data. We will work with the Department of Accounting and General Services on rules, procedures, and future support.

Real ID

The Real ID Act, which has been the subject of debate and controversy, is another unfunded mandate, this one imposed by the federal government. My purpose in raising this matter is only to apprise you of the potential pitfalls in administering the provisions of this federal legislation.

The City and County of Honolulu issues licenses to 70 percent of the 867,000 drivers in Hawaii. Moreover, all of the state's driver license computer records are stored by Honolulu. We estimate that the one-time cost to implement this system will be \$7.67 million and the ongoing expenses will total \$17.88 million during the first five years of the program. About 90 percent of this \$25.55-million expense will be incurred by the City and County of Honolulu. Although the Department of Homeland Security announced that 20 percent of the state's Homeland Security Grant Program funds will be made available during the 2007 grant cycle, most of these funds have already been dedicated. As I told the U.S. Congress, we are hoping that these costs be borne by the federal government.

The act requires that we refuse to issue a driver license or identification card to a person holding a license or card issued by another jurisdiction. This is similar to a provision of the Commercial Motor Vehicle Safety Act, which requires commercial drivers to have one and only one license at any given time. This requirement is supported by the Commercial Driver's License Information System (CDLIS), which has been operating in all 50 states and the District of Columbia since 1992. Access is provided through a secure private network operated by the American Association of Motor Vehicle Administrators and cannot be accessed through the public Internet. Neither the State of Hawaii nor the AAMVA is aware of any privacy breaches since it went into development in 1989. We are supporting the modernization of the CDLIS as the most practical means of achieving the goals of the Real ID Act.

Practical considerations aside, the City and County of Honolulu cannot afford to implement the requirements of the act without initial and continuing federal funding. If funding is provided, the time limits for implementation of the program, without the required electronic verification systems, will place an enormous burden on the driver licensing staff and be a tremendous inconvenience to the public. To ensure long-term success, a more realistic

implementation plan should be developed with input from the jurisdictions who bear the burden of issuing driver licenses and identification cards.

We are supporting U.S. Senator Daniel Akaka's efforts to repeal the Real ID Act, as well as the state's efforts delay the implementation of the rules and deadlines imposed by the federal government.

311 Call Center

In 1997, the Federal Communication Commission (FCC) made available a new code, 311, as a means of quick access to non-emergency police and other government services to improve the effectiveness of 911 emergency services. Since then, more than 70 jurisdictions have begun or fully implemented 311 systems. Instead of searching through government phone listings, the public can simply call one number or use a Web-based self-service system to reach a call center that provides the requested information or creates a service request for follow-up.

Jurisdictions report such benefits as reductions in incoming calls by nearly 50 percent through Web-based self-service; reduction of hardware expenses, and reduction of misrouted calls by 25 percent, among other improvements. For Honolulu, a 311 call center would alleviate the workload of our 911 dispatch centers, which currently receive more than 1,000,000 calls a year—of which two-thirds are non-emergency.

The City and County of Honolulu has developed a 311 business plan that includes an analysis to identify expected values and benefits and potential savings; conducting a partnership assessment that focuses on leveraging 311 to service residents in other counties; explore options for partnering with the Aloha United Way, host of Honolulu's 211 number; developing a roadmap for all counties to use to implement 311; and developing software requirements for such a system.

We believe a 311 call center has the potential to encompass the full range of government information at all levels, and will keep you apprised of our progress in developing this service.

Mass Transit

I also want to bring you up to date on Honolulu's High-Capacity Transit Corridor Project. I appreciate the vital role this body has played in making mass transit a reality for Oahu and I look forward to our continued collaboration as we tackle one of the most pervasive threats to the quality of life on this island.

We are making great strides. The federal government has just awarded us more than \$15 million in mass transit funding, money which will be used to fund work on the project's environmental impact statement and to initiate preliminary engineering. The City is now soliciting responses to a request for information distributed to technology suppliers. The responses to this request will enable us to determine which system best meets our needs in terms of capacity, performance, and cost.

Based on the information received and guidelines established by the Honolulu City Council in its selection of the fixed guideway alternative, I have proposed that an independent panel make the technology selection. Technologies that can be considered include steel wheeled vehicles on steel tracks, rubber-tired vehicles on steel tracks, magnetic levitation, and monorail. I firmly believe that having an independent panel make this selection ensures that solid performance criteria rather than politics will drive this crucial decision.

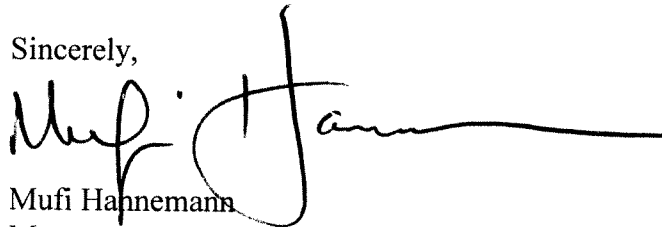
Later this year we will complete the draft environmental impact statement, with the final EIS scheduled for completion in fall 2009. We are pushing hard to break ground in late 2009 and hope to have the first segment of the project, from East Kapolei to Waipahu, up and running by 2012.

We're also doing much work on transit-oriented development, which takes advantage of the high volume of riders on a mass transit system to spur the development of livable, walkable communities that are truly places where people can live, work, play, and raise their families. We initiated a community-based planning process in Waipahu and residents have come up with some creative, innovative design approaches to leverage the mass transit system to revitalize that community while maintaining the charm that comes from Waipahu's unique plantation heritage.

Let me again thank you for the important part you've played in moving mass transit forward. My overall goal continues to be creation of an integrated, multi-modal transportation system that offers Honolulu's citizens a variety of reliable and efficient transportation choices, and you certainly share in the credit for our progress so far.

Mahalo.

Sincerely,

A handwritten signature in black ink, appearing to read "Mufi Hannemann", with a long horizontal flourish extending to the right.

Mufi Hannemann
Mayor